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LISTING STATEMENT No. 2239

LISTED JULY 15, 1966
413,007 common shares without par value
of which 88,000 are subject to
issuance.
Ticker abbreviation "SWH"
Dial ticker number 1823
Post section 11

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

THE SEAWAY HOTELS LIMITED

Incorporated under the laws of the Province of Ontario
by Letters Patent dated April 5th, 1963

CAPITALIZATION AS AT APRIL 30, 1966

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common shares without par value	1,000,000	325,007	413,007*
*of which 88,000 are subject to issuance			

FUNDED DEBT			
6% Convertible Sinking Fund Debentures Series A due May 12th, 1978	\$1,000,000	\$880,000	Nil

1. APPLICATION

The Seaway Hotels Limited (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 413,007 shares without par value in the capital stock of the Company, of which 325,007 have been issued and are outstanding as fully paid and non-assessable. The remaining 88,000 common shares included in this application have been reserved for issue upon conversion of outstanding 6% Convertible Sinking Fund Debentures, Series A.

2. HISTORY

The Company was incorporated in 1963 under the laws of the Province of Ontario to acquire the issued and outstanding shares of the companies listed below which companies are hereinafter referred to collectively as the Subsidiaries.

- Capri Holdings Ltd.
- Lakeshore Services Limited
- Oromocto Hotel Limited
- Renacliffe Hotels Limited
- Seaway Hotels (Toronto) Limited (formerly Seaway Hotels Limited)
- Seaway Hotels (Quebec), Limited
- Seaway Properties Limited
- Seaway Towers Motor Hotel Limited
- Shorefront Investments Limited
- Sunnyside Hotels (Toronto) Limited

On January 1, 1965 the Subsidiaries (other than Capri Holdings Ltd., Oromocto Hotel Limited and Seaway Hotels (Quebec), Limited) together with Capri Hotel (Ontario) Limited and Capri Hotel (Kingston) Limited (two new subsidiaries of the Company) were amalgamated by Letters Patent issued by the Provincial Secretary of the Province of Ontario and the said companies carry on business under the name "Amalgamated Seaway Hotels (Ontario) Limited" all the shares of which are owned by the Company.

3. NATURE OF THE BUSINESS

The Company is a holding company whose only assets are moneys in the bank, advances to Subsidiaries and deferred organization expenses and all of the issued and outstanding shares of the capital stock of its subsidiaries. For details of the operations of the Subsidiaries see Item 9 dealing with subsidiary companies. The Company and the subsidiaries employ 700 employees.

4.

INCORPORATION

The Company was incorporated as a private company under the laws of the Province of Ontario by letters patent dated the 5th day of April, 1963; supplementary letters patent dated the 25th day of April, 1963 have been issued to the Company converting it to a public company. The authorized capital of the Company consists of 1,000,000 shares without par value.

5.

SHARE ISSUES SINCE INCORPORATION

Since the date of incorporation the following shares have been issued:

Date of Issue	No. of Shares Issued	Amount Realized per share	Total Amount Realized	Purpose of Issue
April 8, 1963	7	\$1.00	\$ 7	Incorporators shares
April 19, 1963	300,000	\$7.75	2,323,755	Consideration for the acquisition of all the shares of the Subsidiaries
May 16, 1963	25,000	2.05	50,500	Part consideration for the purchase by Gairdner & Company Limited of \$1,000,000 principal amount 6% Convertible Sinking Fund Debentures Series A of the Company

6.

VOTING POWERS

Each share in the capital stock of the Company carries one vote at all meetings of the shareholders.

7.

DIVIDEND RECORD

The Company has not paid any dividends on its shares.

8.

RECORD OF PROPERTIES

The Company is basically a holding company and actually owns no property except as referred to in paragraph 3 hereof.

9.

SUBSIDIARY COMPANIES

Amalgamated Seaway Hotels (Ontario) Limited owns and operates the Company's chain of hotels in the Province of Ontario save and except for Talisman Hotel in the City of Ottawa.

Seaway City Hotel (Ottawa) Limited, a private Ontario company, is a wholly owned subsidiary of the Company. Seaway City Hotel (Ottawa) Limited owns a one-third interest in the Talisman Hotel, in the City of Ottawa.

Capri Holdings Ltd., a private Quebec company, is a wholly owned subsidiary of the Company, which, by virtue of a long term lease operates the Capri Motel in the City of Montreal, in the Province of Quebec.

Seaway Hotels (Quebec), Limited, a private Quebec company, is a wholly owned subsidiary of the Company and is the owner of the chattels used in connection with the Capri Motel.

Oromocto Hotel Limited, a private New Brunswick company, is a wholly owned subsidiary of the Company which, by virtue of a long term lease, operates the Oromocto Hotel in Oromocto, New Brunswick.

Seaway City Motor Hotel (Quebec) Ltd. is a private Quebec company of which the Company owns 50% of all the issued and outstanding shares. Seaway City Motor Hotel (Quebec) Ltd. operates the Seaway Motor Inn in Montreal, Quebec.

10.

FUNDED DEBT

The Company's funded debt consists of:

Description of Issue	Aggregate Amount Authorized	Principal Amount Outstanding	Maturity Date	Interest Dates
6% Convertible Sinking Fund Debentures Series A	\$1,000,000	\$880,000	May 15/78	Feb. 15 May 15 Aug. 15 Nov. 15

Conversion Privilege. The 6% convertible sinking fund debentures Series A are convertible, at the option of the holder, at any time prior to the close of business on May 12, 1978 or on the last business day immediately preceding the date fixed for redemption of such debentures, whichever is earlier, into fully paid and non-assessable shares without par value of the Company (as presently constituted) on the basis of five shares without par value for each \$50.00 principal amount of Series A Debentures.

Redemption. The 6% convertible sinking fund debentures Series A shall be redeemable by the Company at its option prior to maturity at any time in whole or from time to time in part on not less than thirty days' prior notice:

- (i) out of sinking fund moneys at the principal amount thereof; and

- (ii) otherwise and out of sinking fund moneys at the option of the Company at the principal amount thereof plus a premium of 6% of such amount if redeemed on or before May 15, 1964, such premium thereafter decreasing .4 of 1% of such principal amount commenced or elapsed after May 15, 1964 to the date specified for redemption up to and including the year commencing May 16th, 1976 and after May 15th, 1977 and prior to maturity at the principal amount thereof; together in all cases with accrued interest to the date specified for redemption.

(C) the 6% convertible sinking fund debentures, Series A, in the opinion of counsel, are secured by:

- (i) a floating charge under the laws of the Province of Ontario on the undertaking of the Company and all its property and assets for the time being both present and future now owned or hereafter acquired by the Company;
- (ii) an unconditional guarantee by each of the Company's subsidiaries of the due and punctual payment of the principal, premium (if any) and interest on the 6% convertible sinking fund debentures Series A; and
- (iii) a supporting debenture issued by each subsidiary of the Company creating a floating charge under the laws of the Provinces of Ontario, Quebec or New Brunswick, as the case may be, on the undertaking and all the properties and assets of each said subsidiary now owned or hereafter acquired by the Company;

11. OPTIONS, UNDERWRITINGS, ETC.

The Company has not granted any options to purchase shares in the capital stock of the Company and there are no underwriting agreements outstanding. There are no issued shares of the Company held for the benefit of the Company. 162,000 shares in the capital stock of the Company are held in escrow by Chartered Trust Company and are to be released as to 54,000 shares on May 15 in each of the years 1966 to 1968 inclusive. The agreement providing for such escrow provides however, that the shares so escrowed shall be released from escrow at any time or from time to time prior to the dates above specified, if the shares of the Company are listed on a Stock Exchange or Exchanges and if such Stock Exchange or Exchanges on which the shares of the Company may be listed consent to the release from escrow the shares so to be released. The 6% convertible debentures Series A are convertible at the option of the holder at any time prior to the close of business on May 12th, 1978 or on the last business day immediately preceding the date fixed for redemption of such debentures, whichever is earlier, and the fully paid and non-assessable shares without par value of the Company (as presently constituted) on the basis of five shares without par value for each \$50.00 principal amount of Series A Debentures.

12. LISTING ON OTHER STOCK EXCHANGES

Securities of the Company are listed on the Canadian Stock Exchange.

13. STATUS UNDER SECURITIES ACTS

The Ontario Securities Commission issued its official receipt dated April 26th, 1963 acknowledging receipt of the material required under the Securities Act (Ontario) in reference to the offering of \$1,000,000 6% Convertible Sinking Fund Debentures, Series A of the Company and 20,000 shares without par value in the capital stock of the Company.

14. FISCAL YEAR

The fiscal year of the Company ends on December 31st in each year.

15. ANNUAL MEETINGS

The by-laws of the Company provide that the annual meeting of the Company shall be held at such place within Ontario at such time and on such day in each year as the board or the president or a vice-president who is a director may from time to time determine.

16. HEAD OFFICE

The head office of the Company is located at 1926 Lakeshore Boulevard West, Toronto, Ontario, Canada. The Company has no other offices.

17. TRANSFER AGENT AND REGISTRAR

The Transfer agent and registrar of the Company is The Eastern & Chartered Trust Company at its offices in Toronto, Montreal, Winnipeg and Vancouver.

18. TRANSFER FEE

No fee is charged on stock transfers other than the customary government stock transfer taxes.

19. AUDITORS

The auditors of the Company are Messrs. Perlmutter, Orenstein, Giddens, Newman & Kofman, Chartered Accountants, Toronto, Ontario.

20.

OFFICERS

The officers of the Company are:

NAME	OFFICE	ADDRESS
Benson Orenstein	President	Toronto, Ontario
Charles Orenstein	Vice-President	Toronto, Ontario
Richard Porter	Secretary-Treasurer	Toronto, Ontario

21.

DIRECTORS

The directors of the Company are:

Alex Fisher	80 Bridle Path, Don Mills, Ontario
Edwin A. Lovelace	320 Tweedsmuir Avenue, Toronto, Ontario
Harold Gross	484 Avenue Road, Toronto, Ontario
John H. Hawke	303 Rose Park Drive, Toronto, Ontario
Benson Orenstein	1926 Lakeshore Blvd. West, Toronto
Richard Porter	25 Ballacaine Drive, Toronto, Ontario
Joseph Wagman	19 Alexandra Wood, Toronto, Ontario

Pursuant to a resolution duly passed by the board of directors The Seaway Hotels Limited hereby applies for listing of the above mentioned securities on the Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

**THE SEAWAY HOTELS LIMITED**

"BENSON ORENSTEIN", President.

"RICHARD PORTER", Secretary-Treasurer.

THE SEAWAY HOTELS LIMITED
AND WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1965 WITH 1964 COMPARISONS

A S S E T S

CURRENT ASSETS	1965	1964
Cash	\$ 73,986	\$ 66,663
Accounts receivable less allowance for doubtful accounts	106,743	131,513
Inventories — at the lower of cost or market	65,805	68,922
Prepaid expenses and sundry assets	135,949	97,681
	<u>\$ 382,483</u>	<u>\$ 364,779</u>
INVESTMENTS (note 1)	<u>\$ 297,401</u>	<u>\$ 175,750</u>
FIXED ASSETS		
Hotel properties including land, building, furniture and equipment, at cost less accumulated depreciation of \$1,618,594; 1964 — \$1,377,173	\$4,502,929	\$4,630,901
Tableware and linen	130,882	142,135
	<u>\$4,633,811</u>	<u>\$4,773,036</u>
OTHER ASSETS		
Prepaid rent	\$ 73,200	\$ 73,200
Hotel opening expenses (note 2)	—	150,556
Organization and financing expenses less amount amortized	69,814	69,689
Debenture discount less amount amortized	49,500	53,500
	<u>\$ 192,514</u>	<u>\$ 346,945</u>
EXCESS OF COST OF SHARES OF SUBSIDIARY COMPANIES OVER BOOK VALUE	<u>\$ 81,838</u>	<u>\$ 81,838</u>
Total assets	<u>\$5,588,047</u>	<u>\$5,742,348</u>

L I A B I L I T I E S

CURRENT LIABILITIES	1965	1964
Accounts payable and accrued liabilities	\$ 209,814	\$ 192,391
LONG-TERM LIABILITIES (note 3)	1,760,849	1,914,824
6% CONVERTIBLE SINKING FUND DEBENTURES, SERIES A, DUE MAY 15, 1978 (note 4)	920,000	960,000
Total liabilities	<u>\$2,890,663</u>	<u>\$3,067,215</u>

S H A R E H O L D E R S ' E Q U I T Y

CAPITAL STOCK (note 5)		
Authorized — 1,000,000 shares without par value		
Issued and fully paid 325,007 shares	\$2,374,262	\$2,374,262
RETAINED EARNINGS	323,122	300,871
	<u>\$2,697,384</u>	<u>\$2,675,133</u>
	<u>\$5,588,047</u>	<u>\$5,742,348</u>

Approved on behalf of the Board:

“BENSON ORENSTEIN”, Director

“RICHARD PORTER”, Director

This is the consolidated balance sheet referred to in the attached Auditors Reports dated March 25, 1966.

The accompanying notes to consolidated financial statements form an integral part of this consolidated balance sheet and should be read in conjunction therewith.

THE SEAWAY HOTELS LIMITED
AND WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1965 WITH 1964 COMPARISONS

	1965	1964
BALANCE — January 1,	\$300,871	\$164,131
Add — Net income for the year	172,807	136,740
	<u>\$473,678</u>	<u>\$300,871</u>
Less — Hotel opening expenses written off (note 2)	150,556	—
BALANCE — December 31	<u>\$323,122</u>	<u>\$300,871</u>

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1965 WITH 1964 COMPARISONS

	1965	1964
INCOME FROM OPERATIONS	<u>\$4,280,815</u>	<u>\$3,863,740</u>
EXPENSES		
Hotel operating expenses, including cost of food and beverage, wages and other operating expenses	\$3,572,863	\$3,225,545
Interest on long-term debt	203,560	179,760
Depreciation	322,940	315,111
Taxes on income (note 6)	8,645	6,584
	<u>\$4,108,008</u>	<u>\$3,727,000</u>
NET INCOME	<u>\$ 172,807</u>	<u>\$ 136,740</u>

The accompanying notes to consolidated financial statements form an integral part of this consolidated statement and should be read in conjunction therewith.

THE SEAWAY HOTELS LIMITED
AND WHOLLY OWNED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1965

1. INVESTMENTS — \$297,401

Shares in and advances to affiliated company, Seaway City Motor Hotel (Quebec) Limited operating Seaway Motor Inn, Montreal, Quebec (50% interest)

Shares (at cost)	\$ 10,000
Advances	180,750
	<u>\$ 190,750</u>

1/3 interest in partnership operating the Talisman Motor Inn, Ottawa, Ontario at cost plus income earned from date of acquisition, January 1, 1965	106,651
	<u>\$ 297,401</u>

2. HOTEL OPENING EXPENSES — \$150,556

The hotel opening expenses were written off in 1965. These expenses were incurred in 1962 and 1963 in connection with the opening of The Seaway Towers Motor Hotel, Toronto, Ontario.

3. LONG-TERM LIABILITIES — \$1,760,849

Bank loan	\$ 288,000
Mortgage payable, 7%, due December 1, 1982	1,304,727
Balance due on equipment purchases, 6%, due June 1, 1967	24,450
Due to shareholders, non-interest bearing notes, due June 30, 1967	59,748
Balance re purchase of interest in Talisman Motor Inn, 4½ %, due January 15, 1967	83,924
	<u>\$1,760,849</u>

The bank loan, while payable on demand, is being repaid by the Company on a monthly basis at the rate of \$75,000 per annum.

Principal repayments on long-term liabilities due within one year amount to \$132,450 including the \$75,000 referred to above.

4. 6% CONVERTIBLE SINKING FUND DEBENTURES, SERIES A — \$920,000

The Company covenanted to establish a Sinking Fund for the retirement of \$40,000 aggregate principal amount of 6% Convertible Sinking Fund Debentures, Series A on May 15, in each of the years 1964 to 1977 inclusive. The Series A Debentures are convertible at the option of the holder at any time prior to the close of business on May 12, 1978 or on the last business day immediately preceding the date fixed for redemption, whichever is earlier, into fully paid and non-assessable shares of the Company (as presently constituted) on the basis of 5 shares for each \$50 principal amount of Series A Debentures.

The Trust Indenture for 6% Convertible Sinking Fund Debentures, Series A provides for certain restrictions on the payment of dividends.

92,000 shares are reserved for issue upon conversion of the 6% Convertible Sinking Fund Debentures, Series A.

5. The Company proposes to claim for income tax purposes in 1965, as in prior years, capital cost allowances in excess of depreciation recorded in the accounts, with the result that income tax otherwise payable has been reduced by approximately \$61,000 for the year and by an accumulated amount of approximately \$372,000 to December 31, 1965.

6. The aggregate annual minimum rentals payable by certain of the subsidiaries (exclusive of taxes, insurance and other occupancy charges) under leases in effect at December 31, 1965 amount to approximately \$200,000 during the years 1965 to 1973 inclusive and \$24,000 during the years 1974 to 1978 inclusive.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of The Seaway Hotels Limited and wholly owned subsidiaries as at December 31, 1965 and the consolidated statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the attached consolidated balance sheet and consolidated statements of income and retained earnings present fairly the financial position of the Companies as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Certain partners of this firm and members of their families have a financial interest in the Company.

Respectfully submitted,

"PERLMUTTER, ORENSTEIN, GIDDENS, NEWMAN & KOFMAN"
Chartered Accountants.

Toronto, March 25, 1966.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of The Seaway Hotels Limited and wholly owned subsidiaries as at December 31, 1965 and the consolidated statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the attached consolidated balance sheet and consolidated statements of income and retained earnings present fairly the financial position of the Companies as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

"NEWMAN, SHEAR & COMPANY"
Chartered Accountants.

Toronto, March 25, 1966.

THE SEAWAY HOTELS LIMITED
AND WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT APRIL 30, 1966

A S S E T S

CURRENT ASSETS

Cash	\$ 10,020.00
Accounts Receivable Less Allowance for Doubtful Accounts	145,615.13
Inventories — At Lower of Cost or Market	104,423.04
Prepaid Expenses and Sundry Assets	164,710.48
	<u>\$ 424,768.65</u>

INVESTMENTS	<u>\$ 309,387.68</u>
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FIXED ASSETS

Hotel Properties Including Land, Buildings, Furniture and Equipment at Cost Less Accumulated Depreciation \$1,694,801.33	\$4,447,776.64
Tableware and Linen	130,066.98
	<u>\$4,577,843.62</u>

OTHER ASSETS

Prepaid Rent	\$ 73,200.00
Organization and Financing Expense Less Amount Amortized	64,443.47
Debentures Discount Less Amount Amortized	48,167.00
	<u>\$ 185,810.47</u>

EXCESS OF COST OF SHARES OF SUBSIDIARY

COMPANIES OVER BOOK VALUE	81,838.00
	<u>\$5,579,648.42</u>

L I A B I L I T I E S

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 312,132.75
Long Term Liabilities	1,689,105.37
6% Convertible Sinking Fund Debentures	880,000.00
	<u>\$2,881,238.12</u>

TOTAL LIABILITIES

S H A R E H O L D E R S ' E Q U I T Y

CAPITAL STOCK

Authorized 1,000,000 Shares without par value — Issued and Fully Paid 325,007 shares	\$2,374,262.00
Retained Earnings	324,148.30
	<u>\$2,698,410.30</u>
	<u>\$5,579,648.42</u>

“BENSON ORENSTEIN”, Director

“RICHARD PORTER”, Director

THE SEAWAY HOTELS LIMITED AND WHOLLY OWNED SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
FOR THE FOUR MONTHS ENDED APRIL 30, 1966

	4 MONTHS TO APR. 30, 1966	4 MONTHS TO APR. 30, 1965
Income from Operations	\$1,257,701.50	\$1,179,355.79
Expenses		
Hotel Operating Expenses		
Including cost of Food, Beverage, Wages and Other		
Operation Expenses	1,122,159.75	1,045,940.67
Interest on Long Term Debt	58,308.12	59,285.11
Depreciation	76,207.33	85,600.00
	<u>\$1,256,675.20</u>	<u>\$1,190,825.78</u>
Net Earnings	<u>1,026.30</u>	<u>(11,469.99)</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Balance — January 1, 1966	\$ 323,122.00
Add — Net Earning for Period	1,026.30
	<u>\$ 324,148.30</u>

THE SEAWAY HOTELS LIMITED AND WHOLLY OWNED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 1966

1. INVESTMENTS — \$309,387

Shares in and advances to affiliated company, Seaway City Motor Hotel (Quebec) Limited operating Seaway Motor Inn, Montreal, Quebec (50% interest)	
Shares (at cost)	\$ 10,000
Advances	180,750
	<u>\$ 190,750</u>
1/3 interest in partnership operating the Talisman Motor Inn, Ottawa, Ontario at cost plus income earned from date of acquisition, January 1, 1965	118,637
	<u>\$ 309,387</u>

2. LONG-TERM LIABILITIES — \$1,689,105

Bank loan	\$ 235,000
Mortgage payable, 7%, due December 1, 1982	1,291,541
Balance due on equipment purchases, 6%, due June 1, 1967	18,892
Due to shareholders, non-interest bearing notes, due June 30, 1967	59,748
Balance re purchase of interest in Talisman Motor Inn, 4½ %, due January 15, 1967	83,924
	<u>\$1,689,105</u>

The bank loan, while payable on demand, is being repaid by the Company on a monthly basis at the rate of \$75,000 per annum.

3. 6% CONVERTIBLE SINKING FUND DEBENTURES, SERIES A — \$880,000

The Company covenanted to establish a Sinking Fund for the retirement of \$40,000 aggregate principal amount of 6% Convertible Sinking Fund Debentures, Series A on May 15, in each of the years 1964 to 1977 inclusive. The series A Debentures are convertible at the option of the holder at any time prior to the close of business on May 12, 1978 or on the last business day immediately preceding the date fixed for redemption, whichever is earlier, into fully paid and non-assessable shares of the Company (as presently constituted) on the basis of 5 shares for each \$50 principal amount of Series A Debentures.

The Trust Indenture for 6% Convertible Sinking Fund Debentures, Series A provides for certain restrictions on the payment of dividends.

88,000 shares are reserved for issue upon conversion of the 6% Convertible Sinking Fund Debentures, Series A.

4. The aggregate annual minimum rentals payable by certain of the subsidiaries (exclusive of taxes, insurance and other occupancy charges) under leases in effect at April 30, 1966 amount to approximately \$200,000 during the years 1965 to 1973 inclusive and \$24,000 during the years 1974 to 1978 inclusive.

July 5, 1966

The Toronto Stock Exchange
234 Bay Street
Toronto

Dear Sir:

We have enclosed our statement for the year ending December 31, 1965 with 1964 comparisons. In addition we have enclosed the statement for the four months ending April 30, 1966 with 1965 comparisons.

We would like to draw your attention to the fact that the seasonal nature of our industry is such that earnings in the first five months of the year are generally at a break even point and that the summer months from May 15 commence our heavy earning period.

With results to date, we anticipate that our earnings for 1966 will, therefore, be an improvement over the previous year.

Yours very truly,

THE SEAWAY HOTELS LIMITED,
"BENSON ORENSTEIN", President

